

D.P.U. 95-46-L

Application of Western Massachusetts Electric Company, pursuant to G.L. c. 164 App., §§ 2-1 through 2-10 and 220 C.M.R. §§ 7.00 et seq., for approval by the Department of Public Utilities of the Company's proposed surcharge for the Residential Energy Conservation Service Program for fiscal year 1996 (July 1, 1995 through June 30, 1996). Western Massachusetts Electric Company is a member utility of Mass-Save, Inc., which provides services on its behalf.

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FOR: WESTERN MASSACHUSETTS ELECTRIC
COMPANY
Petitioner

I. INTRODUCTION

On May 15, 1995, pursuant to G.L. c. 164 App., §§ 2-1 through 2-10 and 220 C.M.R. §§ 7.00 et seq., Western Massachusetts Electric Company ("WMECo" or "Company") filed with the Department of Public Utilities ("Department") a petition for approval by the Department of the Company's proposed surcharge of \$0.11 per monthly bill for the residential energy conservation service ("ECS") program for the fiscal year July 1, 1995 through June 30, 1996 ("FY 1996"). On May 22, 1995, the Company filed updated surcharge calculation sheets, which reflected additional billing from Mass-Save, Inc. ("MSI"), but which did not affect the surcharge amount requested. On May 30, 1995, as a part of a response to a Department record request on an unrelated matter, the Company filed another surcharge revision, which proposed a surcharge of \$0.12 per monthly bill for the ECS program for FY 1996. WMECo is a member utility of MSI, which provides ECS to the Company's customers on behalf of WMECo. The petition was docketed as D.P.U. 95-46-L.

Pursuant to notice duly issued, a hearing was held at the offices of the Department on May 31, 1995. No petitions for leave to intervene were filed. In support of its petition, the Company sponsored the testimony of one witness: S. H. Chon, senior rate research analyst, Northeast Utilities Service Company.¹ The Company submitted one exhibit and responded to three Department record requests, and the Department submitted one exhibit, all of which were admitted into evidence.

¹ Northeast Utilities Service Company provides management services to WMECo, including the development and filing of the Company's annual ECS surcharge proposal.

II. ECS SURCHARGE

The ECS surcharge is calculated by dividing the total number of bills expected to be rendered during FY 1996 by the net amount to be collected (Exh. WM-2). The Company indicated that its share of MSI's proposed FY 1996 ECS program budget, approved by the Department in Mass-Save, Inc., D.P.U. 95-46 (1995), is \$478,407 (id.). In addition to the projected ECS program expenditures, the Company provided documentation which reconciled undercollections and overcollections from prior fiscal years (id.). The effect of these reconciling items is an overcollection of \$199,447 for the fiscal year July 1, 1994 through June 30, 1995 ("FY 1995"), and an overcollection of \$9,159 for prior fiscal years (id.). The result is a net amount to be collected in FY 1996 of \$269,801 (id.).

For FY 1996, the Company initially proposed an ECS surcharge of \$0.11 per bill per month (id.). The proposed ECS surcharge is \$0.14 per bill less than the ECS surcharge of \$0.25 per bill per month approved by the Department in Western Massachusetts Electric Company, D.P.U. 94-81-A (1994), for FY 1995 (Tr. at 11). Mr. Chon testified that the difference between the FY 1995 surcharge and the FY 1996 surcharge was due to (1) a decrease in MSI's proposed budget for FY 1996, and (2) an overcollection by WMECo in FY 1995² due to the fact that fewer audits were performed than budgeted (id. at 13).

² It appears from the record that the Company overcollected by more than ten percent at the end of the third quarter FY 1995. The Department notes that previous Department Orders require the Company to file for an adjustment to its ECS surcharge in the event that it is overcollecting by more than ten percent at the end of the third quarter of the upcoming fiscal year. See Western Massachusetts Electric Company, D.P.U. 94-81-A at 3 (1994). The Department notes that the Company provided no explanation for its apparent failure to comply with this requirement.

On May 30, 1995, the Company requested a revision to its surcharge filing in a response to a Department record request on a unrelated matter (see RR-DPU-3). The Company explained that due to an oversight on its part, certain costs associated with the multifamily building program were not included in the annual reconciliation calculations for previous years (RR-DPU-3). However, the Company's justification for its requested change in its proposed surcharge is unclear and has left the Department insufficient opportunity to investigate the Company's claim. Therefore, the Department finds that the existing record is inconclusive in regard to the reasonableness of the proposed revision and denies WMECo's request for a further revision to its surcharge.

III. FINDINGS

Based on the foregoing, the Department finds:

1. that the proposed FY 1996 ECS program budget, budget reconciliations, and proposed FY 1996 surcharge, are reasonable; and
2. that the ECS surcharge to be applied to Company bills during the fiscal year July 1, 1995 through June 30, 1996 shall be \$0.11 per bill per month.

IV. ORDER

Accordingly, after due notice, hearing, and consideration, it is

ORDERED: That the ECS surcharge to be applied to Western Massachusetts Electric Company bills during the fiscal year July 1, 1995 through June 30, 1996 shall be \$0.11 per bill per month; and it is

FURTHER ORDERED: That Western Massachusetts Electric Company shall be required to file for an adjustment to its ECS surcharge in the event that it is overcollecting by more than ten percent at the end of the third quarter of FY 1996.

By Order of the Department,

Kenneth Gordon, Chairman

Mary Clark Webster, Commissioner

Janet Gail Besser, Commissioner

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).